

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF)	APPEAL NO. 13-A-1005
WILLIAM WARD and JULIA CROSSLAND)	
from a decision of the Ada County Board of)	FINAL DECISION
Equalization for tax year 2013.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing September 18, 2013, in Boise, Idaho before Hearing Officer Travis VanLith. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant William Ward appeared at hearing. Chief Deputy Assessor Tim Tallman and Residential Appraiser Iana Johnson appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. R3616580385.

The issue on appeal is the market value of an improved residential property.

The decision of the Ada County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$370,800, and the improvements' valuation is \$462,600, totaling \$833,400. Appellants request the land value be reduced to \$275,000, and the improvements' value be reduced to \$445,000, totaling \$720,000.

The subject property is .69 acre parcel improved with a residence totaling 6,546 square feet, of which 3,742 square feet are located on the main level and the remainder in the basement. The residence was built in 1981 however, some updates were made in 2008. The residence includes three (3) bedrooms, four and one-half (4.5) bathrooms, a 610 square foot garage, and some outdoor deck space. The property is located in the

Boise foothills.

Appellants challenged subject's overall assessed value, however, were primarily focused on subject's assessed land value. Appellants submitted an independent fee appraisal with an effective date of March 6, 2013. The appraisal report included six (6) improved residential sales, all of which closed during 2012, as well as two (2) active listings. Each of the considered properties were directly compared to subject and value adjustments for physical differences, including view and location, were made. The sale properties were similar to subject in terms of square footage on the main floor. Most of the sales, however, contained smaller basements, or had no basement space at all. Net adjustments ranged from 1.7% to 14.4%. The total value conclusion was \$720,000, of which the fee appraiser assigned \$275,000 to subject's land value. The land value conclusion was based on four (4) vacant lot sales in the foothills area with sale prices ranging from \$60,000 to \$350,000.

Respondent commented land values in the Boise foothills widely varied, and further that values were driven primarily by size, view, and lot utility. Respondent characterized subject as having full utility and unobstructed views of downtown Boise. Appellants countered that a grove of large trees on the edge of the property reduced its utility and also partially obscures the downtown view.

Respondent examined six (6) improved sales, four (4) of which were also included in Appellant's fee appraisal report. Sale prices were between \$655,000 and \$1,450,000. Respondent directly compared each sale property to subject and made value adjustments

for physical differences. The largest adjustment was for lot size and location. Respondent also applied an 0.8% per month time adjustment to bring the sales to the January 1, 2013 assessment date. Net adjustments were between 1.2% and 40%, resulting in adjusted sale prices from \$793,983 to \$943,045.

Respondent also noted the land sales in the fee appraisal only went as high as \$350,000 and only included four (4) sales. Respondent's land sales, on the other hand, extended up to \$435,000. Respondent also commented that the adjustments to the fee appraisal's improved sales, with the exception of Sale No. 1, were inappropriate, and particularly low on the location factor.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires that all taxable real property be assessed annually at market value on January 1 of the relevant tax year. Market value is defined in Idaho Code § 63-201:

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

“[T]here are three primary methods of determining market value: the cost approach . . . the income approach . . . and the market data (sales comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property.” *Merris v. Ada County*, 100 Idaho 59, 63 (1979). Both parties relied primarily on the sales comparison approach because subject is an older residence and does not generate any income.

Appellants provided an independent fee appraisal report, which examined six (6) sales from 2012. Respondent likewise presented six (6) sales for comparison with subject, four (4) of which were also included in Appellants’ fee appraisal. Both parties made adjustments to sale prices based on key physical differences between the subject property and the sales. In some instances, net adjustment percentages were quite large in both parties’ analyses.

While the large adjustments to some of the sale properties points to a lack of comparability with the subject, such is not necessarily the case. As the parties referenced, land values in the Boise foothills are widely varied. Indeed, the land value adjustments represent the greatest source of deviation between the parties. Both parties relied on land sales, however, neither party provided much, if any, detail about the actual sale properties used or how they directly compared to subject.

Since both parties presented four (4) of the same sales, it is reasonable to focus the Board’s attention on these. Net adjustment figures on these sales were between 1.7% and 9.8% in the fee appraisal, and between 1.2% and 38% in Respondent’s sales grid. Again,

land value adjustments were largely responsible for the divergent value conclusions.

Neither party provided extensive support for their respective land value positions. Respondent's land value conclusion came from a land value schedule developed for subject's area. Appellants' land value claim resulted from several vacant lot sales in subject's general area. Details about the sale properties were lacking in both parties' offerings. There was also some indication that subject's lot may not have quite the level of utility Respondent perceived at the time of assessment. The evidence suggests subject's land value most probably lies somewhere between the parties' respective value claims.

While all sales were considered, Sale No. 1 seemed to be the most comparable to the subject property. Both parties made minimal adjustments to Sale No. 1 and came to similar value conclusions; roughly \$778,000 in the fee appraisal and \$794,000 in Respondent's adjustment grid. Due to the minimal adjustments and the fact the parties reached nearly the same adjusted sale price, the Board weighed Sale No. 1 most heavily.

Pursuant to Idaho Code § 63-511, the burden is on Appellants to prove error in subject's assessed value by a preponderance of the evidence. Given the evidence presented in this matter, the Board is satisfied that burden was met.

The Board finds subject's assessed value was overstated and will therefore modify the decision of the Ada County Board of Equalization to reduce subject's total value to \$785,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's total assessed value to \$785,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellants.

DATED this 3rd day of January, 2014.